

The Santa Fe Economic Development Plan



A Report to the Community: The First Year Accomplishments

**Prepared by the City of Santa Fe Economic Development Division
of the Community Services Department**

October 26, 2005

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Acknowledgements

The accomplishments presented in this document reflect the visions and enthusiastic hard work of people throughout the community of Santa Fe and the larger region. This plan exists because of our creative citizens and their dedication to our community.

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Angelou Economics of Austin, Texas completed the foundational report, "*Cultivating Santa Fe's Future Economy: Economic Development Strategy*" in April 2004. This report was adopted by the Governing Body and became ***The Santa Fe Economic Development Plan***. This is the policy document driving our work. It was prepared after much consultation with citizens, businesses, and organizations in Santa Fe and reflects their desires and dreams for our community. We rely on this document, refer to it often, and reference it throughout this report.

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Many City departments worked together throughout this first year of the plan. Most of our events and accomplishments simply would not have been possible without this unified effort. The Santa Fe International Folk Art Market could not have been a success without the help of the City's Police and Fire departments, the City Manager's office, Traffic, Santa Fe Trails, Parking Division, Convention and Visitors Bureau, and the Arts Commission. The staff of the Santa Fe Convention and Visitors Bureau provided invaluable help to the Economic Development staff in attracting the Southwest Design Conference upon which Santa Fe Design Week was built. They also helped launch *The Santa Fe Arts and Culture Portal* and helped in many other ways. The Water Division deserves much credit for the success of major components of Santa Fe Design Week and the Jemez y Sangre Water Summit.

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Finally, citizens are our most valuable resource. None of these accomplishments would have been possible without the support of the citizens of Santa Fe. These are their accomplishments and they should be very proud. Their enthusiastic response to the Plan and willingness to become involved has been especially gratifying for City staff working on these projects. The City's role in most of these efforts is to provide seed money to the good ideas originating in the community. We serve as catalyst, convener, problem solver, and cheerleader. There are literally thousands of people involved in these efforts and we could not possibly list them all. We hope you recognize your work in these pages, and that you are inspired to do even more next year. Remember, this is just the first step.

Thank you all!

The Economic Development Division Staff

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Executive Summary

In November 2002, the City started to develop a new economic development strategy for the city of Santa Fe. An intensive community process ensued to determine the goals and activities the new plan should address. Fifteen hundred people participated in the development of the plan; more than thirteen hundred individuals and businesses answered surveys; more than five hundred people attended the announcement of the Economic Development Strategy at the Lensic in April, 2004.

The final report prepared for the City by Angelou Economics contained specific recommendations to improve the city's economic health, improve conditions for cultivating target sector businesses and small entrepreneurial businesses, and provide new opportunities for all Santa Fe families. The report further suggested that, based on research of the City's strengths, Santa Fe should encourage the development and expansion of seven target industries: Arts and Culture; Design; Hospitality; Water Conservation and Clean Energy Technologies; Software Development; Publishing and New Media; and Outdoor Gear and Apparel.

The report also recommended instead of focusing on recruiting new, large companies into the city, that Santa Fe place a strong emphasis on community development activities to improve education and training for the local workforce, infrastructure, and business climate helping local companies grow and new ones emerge.

Several themes emerged from the community discussions: Santa Fe is a unique city and any new development should reflect its creative character. Santa Fe wants to attract a targeted audience of visitors and businesses to the community, who are able to invest in the local economy, shop in the local galleries, eat in locally-owned restaurants, and stay in hotels in the city. Santa Feans feel a strong connection to the region's heritage. The essence of Santa Fe lies in its creative people, its strong history, and its core of arts and culture. Santa Fe must develop highly integrated networks of businesses, training programs, capital providers, educational institutions, non-profit organizations, labor organizations, and government agencies. Economic development cannot be successful unless these groups work in a coordinated, collaborative fashion.

The Santa Fe Economic Development Plan is a five-year plan. The Governing Body requested that the Economic Development staff set priorities for the first year to get the plan underway. This report reflects the priorities adopted by the Governing Body and highlights the accomplishments of the community. The City set six goals to inspire the community's work. They are:

- 1. Santa Fe will be the leading Arts, Design, and Cultural Industry Center of the U.S.**
- 2. Santa Fe will be the leading Water Conservation and Clean Energy Capital of the U.S.**
- 3. Santa Fe's citizens will be well educated and well trained for high paying jobs.**
- 4. Santa Fe's entrepreneurs will work in a supportive community that encourages and celebrates their success.**
- 5. Santa Fe will celebrate its cultural, historic and business neighborhoods and emphasize respect and collaboration among businesses and neighbors.**

6. Santa Fe will increase affordable housing opportunities for renters and homeowners.

The results of the first year of the City's implementation of the ***Santa Fe Economic Development Plan*** are contained in the following pages. These accomplishments are a beginning and a foundation upon which to build a stronger economy in Santa Fe. The creativity, imagination, collaboration and hard work of hundreds of volunteers and community members have made these accomplishments possible.

The key accomplishments of this report include:

- **Award-Winning Santa Fe Design Week**, the leading initiative born out of ***The Santa Fe Economic Development Plan*** to recognize and promote Santa Fe as a leading international design and creative industry center. This community driven event unified all aspects of the Plan with community members in most of the target industries who worked together to educate the public and promote their products.
- **Center for Community Sustainability**, a center to help create and support small businesses that can deploy new community based water conservation and renewable energy technologies in our community, to create greater local self reliance, and to educate workers for careers in the fields of water-conservation and renewable energy.
- **Creative Santa Fe**, a not-for-profit grassroots organization dedicated to strengthening and promoting Santa Fe's creative economy. The mission of Creative Santa Fe is to promote the prosperity of Santa Fe's creative economy by elevating its creative industries in terms of status, opportunity, capability, and economic potential.
- **Santa Fe Arts and Culture Web Portal**, a single on-line presence for information on Santa Fe Arts and Culture, a reference center for workforce development, and an on-line market place for arts and culture commerce.
- **Small Business Support by the City of Santa Fe**, including the first annual Santa Fe Small Business of the Year Award; more than \$270,000 in small business loans to the local community; Santa Fe Alliance's "Find Your Independents Week," a celebration of our locally-owned firms; and "Local Farm-to-Restaurant Project," a collaboration between local farms and restaurants to promote locally-grown and produced products
- **Tickets Santa Fe**, an on-line system for purchasing tickets to a wide variety of events through the Lensic Box Office. The centralized community box office will generate more than \$1.9 million annually for the performing groups that use the service.
- **UNESCO Creative Cities Program**, designated Santa Fe the first city in North America and one of the first three cities in the world a Creative City for folk art and design.
- **Water and Energy Target Industry Support**, promoting local environmental technologies and businesses by encouraging collaborative working relationships and bringing the industry representatives together with policy makers to build Santa Fe as a nationally recognized center of green building and water conservation.

The Santa Fe Economic Development Plan

A Report to the Community

The First Year Accomplishments

Background

Santa Fe began several new and innovative economic development programs in the early 1990's. The current plan, ***The Santa Fe Economic Development Plan***, builds upon the foundation of the 1996 Community Economic Development Plan. Some of the results of the 1996 plan include passage by the Governing Body of the 1996 Economic Development Ordinance that established the legal framework for economic development activities in the City of Santa Fe. Santa Fe was the first city in New Mexico to pass such an ordinance.

A permanent source of funding was created in 2000 (Ordinance 2000-13) for economic development activities from a dedicated stream of gross receipts tax funding. Santa Fe was the first city in New Mexico to create a dedicated funding pool.

Accomplishments resulting from the 1996 plan included the creation of the nationally acclaimed Santa Fe Business Incubator, the renovation of The Lensic Santa Fe's Performing Arts Center, and the creation of the Santa Fe Small Business Development Loan Fund.

By November 2002 it was clear that Santa Fe needed to develop an economic strategy for the community to diversify and strengthen the economy. Tourism, a critical but volatile component of Santa Fe's economy, was down. Scarce water resources made it unlikely that Santa Fe would aggressively recruit large companies from outside the state to take up manufacturing here. A research based analysis of the city's economy and an inventory of its strengths was required.

The City hired Angelou Economics in February 2003 to help the community develop a new economic strategy. Fifteen hundred people participated in the development of the plan; more than thirteen hundred individuals and businesses answered surveys expressing their ideas about what to consider in developing an economic strategy. More than five hundred people attended the announcement of the new economic development strategy at the Lensic in April 2004. Community members and organizations helped choose the priorities to be implemented in the first year of the plan.

The final report prepared for the City contained specific recommendations to improve the city's economic health, improve conditions for cultivating target sector businesses and small entrepreneurial businesses, and provide new opportunities for all Santa Fe families. The report also recommended that, based on research of the City's strengths, **Santa Fe should encourage the development and expansion of seven target industries: Arts and Culture; Design; Hospitality; Water Conservation and Clean Energy Technologies; Software Development; Publishing and New Media; and Outdoor Gear and Apparel.** Secondary target industries were also identified. They include traditional and non-traditional Health services, Retiree Services, and Food and Beverage products.

Angelou recommended that, instead of recruiting new large companies into the city, Santa Fe should place a strong emphasis on community development activities to help local companies start and expand. These activities include improving education and training for the local workforce, improving infrastructure to encourage the development of companies in the target industries, and improving the business climate to help small firms.

Several themes emerged from the community discussions. Santa Fe is a unique city and any new development should reflect its creative character. Santa Fe wants to attract a targeted audience of visitors and businesses to the community who are able to invest in the local economy, shop in the local galleries, eat in locally-owned restaurants, and stay in hotels in the city. Santa Feans feel a strong connection to the region's heritage. The essence of Santa Fe lies in its creative people, its strong history, and its core of arts and culture. Santa Fe must develop highly integrated networks of businesses, training programs, capital providers, educational institutions, non-profit organizations, labor organizations, and government agencies. Economic development cannot be successful unless these groups work in a coordinated, collaborative fashion.

The economic strategy recommendations from Angelou Economics fall into five broad categories.

1. Workforce development and education are important to the entire community because educational performance increases the quality of life for Santa Fe residents and increases the skills of the workforce.
2. Entrepreneurship development can play a key role in creating a diversity of new jobs and bridging the gap between income levels and the cost of living in Santa Fe. According to the New Mexico Department of Labor, 85% of the businesses that make up the backbone of the Santa Fe economy employ fewer than 20 people, and of those, 90% are locally owned. It is important to help them stay strong and expand.
3. Improvements to sites and infrastructure will consider the long-term needs of Santa Fe's targeted business sectors and small, entrepreneurial businesses. Santa Fe's most significant infrastructure issue and economic development issue is the region's water shortage. All economic development activities must consider the area's severe water constraints.
4. Community and economic development activities should support an environment that is favorable to talented residents; small, locally-owned businesses; and the targeted industry sectors. Quality of life is very important to Santa Fe's economic future. Quality of life includes health care, safety, parks and recreation, arts and culture, environmental cleanliness, affordable housing, and jobs that pay good salaries.
5. Marketing and public relations are important for Santa Fe to create local and national awareness of the city as a place to do business. Strong internal marketing activities will help citizens and businesses know how to access the services provided by the City and help them find educational and training opportunities. Strong external marketing activities will improve knowledge of Santa Fe as a top location for young, creative individuals and innovative businesses.

Angelou Economics made hundreds of recommendations about the strategies, tactics and actions the city should take to implement the five year plan, ***The Santa Fe Economic Development Plan***. The Governing Body requested that the Economic Development staff set priorities for the first year to get the plan underway. This report reflects the priorities adopted by the Governing Body and highlights the accomplishments of the community.

First Year Priorities

The priorities selected for implementation in the first year were expressed as goals that the community could work to achieve. The goals are obviously much larger than what can be

completed in a single year. They are meant to inspire people's imaginations and to provide a vision of what might be accomplished by working together. The strategies recommended by Angelou Economics are interwoven throughout these goals. Workforce development and education, entrepreneurship, improvement to sites and infrastructure, community development, and marketing opportunities exist in each of the six goal areas. The goals give context and a framework to the strategic recommendations.

The six goals are:

- 1. Santa Fe will be the leading Arts, Design, and Cultural Industry Center of the U.S.**
- 2. Santa Fe will be the leading Water Conservation and Clean Energy Capital of the U.S.**
- 3. Santa Fe's citizens will be well educated and well trained for high paying jobs.**
- 4. Santa Fe's entrepreneurs will work in a supportive community that encourages and celebrates their success.**
- 5. Santa Fe will celebrate its cultural, historic and business neighborhoods and emphasize respect and collaboration among businesses and neighbors.**
- 6. Santa Fe will increase affordable housing opportunities for renters and homeowners.**

The Plan is Adopted

The Mayor and the City Council unanimously voted to implement ***The Santa Fe Economic Development Plan***, accepted the priorities, and funded the first year of the plan at \$750,000.

The Governing Body adopted Resolution 2004-42 to Adopt the Economic Development Strategy Report as Santa Fe's Comprehensive Economic Development Plan. The Governing Body also adopted Ordinance 2004-37 to expand the size of the Economic Development Review Committee from five to eleven members. This allowed for more community members to participate in economic development activities and for membership to include residents of Santa Fe County in addition to residents of the City of Santa Fe. This encourages a regional approach to economic development. Additional committee members were appointed by the Mayor and approved by the Governing Body.

The accomplishments reported here are the results of thousands of people in the community working together. Most of the items selected for inclusion in this report are things that the City either helped to fund or contributed to in some way. The report should not be considered an exhaustive list of all economic development activities taking place in the city.

The City of Santa Fe's role is to encourage people in the community to work toward the goals outlined in the Plan. The Governing Body sets the policy and regulatory framework for economic development activities in the city. The Economic Development Fund provides seed money to many projects and urges that the project leaders raise additional money from other sources to complete their work. Many times City money is important because it is the first money into a project, fills the final gap, or it is money used to fund administrative work that is harder for

organizations to raise. The City also serves as a catalyst, convener, problem solver, and cheerleader to move projects forward.

The next six sections of this document report on the community's accomplishments in implementing the Plan. Information is organized by each of the six goals.

Goal 1: Santa Fe Will Be the Leading Arts, Design, and Cultural Industry Center of the U.S.

Participation in the Plan generated intense activity by target industry groups to plan for the future. One example is the Arts and Cultural Industry. With financial support from the McCune Charitable Foundation, The Azalea Foundation, and The Burnett Foundation, a study was commissioned from the University of New Mexico's Bureau of Business and Economic Research to measure the impact of Arts and Culture on Santa Fe's regional economy. Among the findings released in November 2004:

- In 2002, Santa Fe's cultural industries and cultural tourism generated over \$1 billion in receipts, employed 12,567 workers, and paid \$231.5 million in wages and salaries and an estimated \$81.6 million in self-employment earnings.
- Santa Fe's arts, cultural industries, and related cultural tourism contribute substantially to public finances in New Mexico. Activities related to Santa Fe's arts and cultural industries produce an estimated \$22.6 million in taxes and other revenues to the City of Santa Fe -- about five dollars for every dollar that the city spends on the arts and culture.
- Santa Fe has the largest per capita concentration of artists, performers and writers of any city in the United States.
- Santa Fe is among the top 10 cities in concentration of museum curators, architects, and graphic designers.
- Santa Fe is the second largest art market in the United States, second only to New York City.

A number of challenges were also identified as findings in the Arts study. Wages in Santa Fe are 20% below the national average and housing is 53% higher than the national average. This disproportionately affects young, creative people and artists who want to live and work in Santa Fe. Santa Fe has not been able to capitalize on the new technical innovations and outlets for the delivery of cultural products. Increasing competition requires more innovation, entrepreneurship, and investment networks.

Santa Fe has lost nearly one-third of its share of the national tourism market since the mid-1990's. In order to make up for this loss of market share, it is necessary for Santa Fe to expand its appeal to rapidly growing market segments. It is also necessary for Santa Fe to diversify its economy. These findings mirror the research completed for the City by Angelou Economics and highlight how important it is that the City take a very focused approach to economic development.

By demonstrating their economic impact and the challenges this sector faces, the Arts and Cultural industry has made a strong case for support in the new plan. Further study will help

identify additional opportunities for strategic investments in these industries. In the future, other target industries may require similar studies, which will help guide the City's efforts.

The economic development strategy report and the arts study recommended that the community recognize the importance of arts and culture to Santa Fe's economy and increase investment in activities that support and promote the industry. Arts and culture have long been the engine for much of Santa Fe's economic development. Artistic and cultural activities have a tremendous impact on every aspect of Santa Fe, from its international image to its local products to its workforce skills. Arts and culture are the common threads that run throughout the entire region. Because arts and culture have such a large impact on the local economy, it is critical that artists and artistic organizations are involved in economic development activities. The report also recommended that Santa Fe find ways to centralize internet-based information aimed at promoting arts and cultural events in Santa Fe. The report specifically recommended that a web portal be developed that could serve to provide centralized information.

Creative Santa Fe

Creative Santa Fe was formed in 2005 through the vision and hard work of more than 200 community members working as task forces. It was incorporated in the state of New Mexico and applied to the Internal Revenue Service for recognition as a 501(c)3 organization.

The mission of *Creative Santa Fe* is to promote the prosperity of Santa Fe's creative economy by elevating its creative industries in terms of status, opportunity, capability, and economic potential.

The vision of *Creative Santa Fe* is to be a catalyst to achieve worldwide recognition of Santa Fe as a leading creative center. Honoring the richness of its unique cultural traditions, Santa Fe will be a leader in the fusion of arts, science, and new technologies, and will foster a global marketplace for the community's creative enterprises.

Creative Santa Fe is developing a business and strategic plan to guide its organizational and programmatic objectives. Its current leadership was instrumental in steering the initial University of New Mexico Bureau of Business Economic Research study that showcased the economic impact of the creative industries in Santa Fe. *Creative Santa Fe* commissioned a national study of best practices in cultural economic development from the firm of McCollam and Diaz of Austin, TX and Santa Fe, NM. These best practices will help *Creative Santa Fe* determine the types of activities to pursue to improve the economy of Santa Fe.

Its leadership was instrumental in advocating for the passage of HB336, the Quality of Life Initiative, through the state legislature in 2005. This legislation allows counties and municipalities in the state of New Mexico to levy a new local option gross receipts tax. Revenue from the tax must be used to expand existing programs or develop new programs to promote and preserve cultural diversity, enhance the quality of cultural programs, foster greater access to cultural opportunities and promote local culture to further economic development. A referendum must be held to approve the tax.

Creative Santa Fe's leadership also played an instrumental role in the July 2005 declaration of Santa Fe as Creative City by the United Nations Educational, Scientific, and Cultural Organization (UNESCO).

Creative Santa Fe developed a website, www.creativesantafe.org, to serve as an information source for those wanting information about Santa Fe's creative economy.

Tickets Santa Fe At The Lensic and The Lensic Community Box Office

Tickets Santa Fe at the Lensic was formally launched on October 26, 2005 by The Lensic Santa Fe's Performing Arts Center. This electronic service enables many cultural, arts, and other organizations to sell tickets to events at venues across the city and region through the Lensic. The service saves these organizations administrative expenses because they don't need to duplicate a box office and allows for wider, more efficient marketing and distribution of tickets to community events. With its hub located on-site at the Lensic, *Tickets Santa Fe at the Lensic* establishes an unprecedented one-stop resource for events occurring at the Lensic and throughout New Mexico's capital.

The centralized community box office will generate more than \$1.9 million annually for performing groups who use the service, while combining resources and lowering operational overhead of its primary users: Santa Fe Chamber Music Festival, Santa Fe Symphony Orchestra & Chorus, Santa Fe Pro Musica, Santa Fe Desert Chorale, The Santa Fe Concert Association, National Dance Institute of New Mexico and The Lensic Santa Fe's Performing Arts Center. *Tickets Santa Fe at the Lensic* can be accessed on the web at www.ticketssantafe.org, or through the Santa Fe Arts and Culture Web Portal, www.santafeculture.org.

Santa Fe Arts and Culture Web Portal

Santa Fe Arts and Culture web portal, www.santafeculture.org, was formally launched on October 26, 2005 as a collaborative project between New Mexico Culture Net, Netman, and the City of Santa Fe Economic Development Division. The idea for the creation of this web portal comes directly from the recommendations of the Angelou Economics Economic Strategy Report. Santa Fe needed a centralized source for Arts and Cultural information that contains a master calendar of events and information on educational and training opportunities in this industry along with information on jobs, studio space, and other information important to strengthening and expanding the Arts and Cultural industry. Features of the web portal include:

- The most extensive calendar of cultural and arts events in New Mexico with links to *Tickets Santa Fe at the Lensic* to purchase tickets for performances
- Santa Fe Trip Planner plans trips to the City: go rafting, take a photography class or tour an art museum – activities can be tailored to any visitor's interests
- Online Magazine: Read about the rich and diverse cultural life of Santa Fe – unique collection of cultural content provided by local authors and publishers
- Culture Map: Use the map to find a restaurant, performance hall, bookstore, or hotel
- Arts Directory: View the work of local artists and find out when studios are open to the public. Connect with arts organizations, agencies, galleries, and businesses.
- Online Marketplace: Purchase locally made arts and crafts using secure online shopping cart
- Classifieds: Free listing of jobs, services, housing, studio space, and items for sale, trade or donation
- Local Resources: Access cultural, educational, community, and recreational resources including information about affordable housing

Santa Fe Design Week and the Southwest Design Conference 2005

Visitors and residents alike have long known Santa Fe as a major art center and international destination. Now, with the first annual Santa Fe Design Week, in collaboration with the Southwest Design Conference, Santa Fe is moving into a new age where the city is identified as a world class center for design and creative industries.

Santa Fe already is a laboratory for cutting-edge design work in many fields from new digital media arts to complexity science; and at the same time, it is the proud home for centuries old traditions of design like woodworking, weaving, jewelry, pottery, and historic architecture.

Design Week was conceived of as an innovative way to cultivate the major target industries, attract a regional and national audience, create market opportunities and foster dialog among the community-at-large. Importantly, highlighting Santa Fe's local designers could help address key issues in the community, such as developing water conservation, green design, and renewable energy technologies.

The inception for Design Week began in 2003 when Darlene Griego, Executive Director of the Santa Fe Convention & Visitors Bureau (CVB) had the foresight to send Tom Maguire, Culture, Arts, and Tourism Planner for the CVB and Chris Madden, Sales Manager, to the Western Design Conference in Cody, WY. Through their efforts, Carol Decker, Chief Executive Officer of Western Interiors & Design Magazine, brought the Southwest Design Conference to Santa Fe.

The timing of the Southwest Design Conference coming to Santa Fe was propitious. A year earlier, the City Council adopted the Plan, which recognized Arts, Culture and Design as primary movers in our economy, thus paving the way for a new design event that showcases local design professionals.

Planning for Design Week was a collaborative, grassroots effort. The Design Week coordinators hired by the City met with the practitioners from multiple industry sectors and asked them what kinds of events they wanted to participate in to highlight their sector. These industry sectors included:

- Interior Design and Architecture including Eco-Design, Green Design/ Build, Healthy Home Design, Water Conservation Technologies and Renewable Energy
- Design/Build including "Residential from Traditional to Contemporary and Affordable" Live/Work Development
- Landscape and Land-Based Design
- New Media/Web Technology Design
- Graphic Design & Publishing
- Product Design including furniture, lighting, fashion, jewelry and functional art

The response of the design community's interest in participating in Design Week far exceeded expectations. Three consistent themes emerged from the 2005 designer input sessions:

1. Need for content that educates the public about value and the process of design.

2. Desire to expand the definition of design in Santa Fe.
3. Designers want affordable, varied ways to network locally and promote their products.

The result of this bottom-up organizing approach was more than 55 events over eight days. Workshops and sessions were presented on green design and water conservation, night sky light pollution, interior design and green commercial furniture design, demonstrations by members of the Woodworkers Guild of 400 years of woodworking traditions, textiles and lighting, sustainable water management, entrepreneurship training, designing for disability access, blacksmithing and feng shui, a digital media gallery and showcase, and many others. Most of the events were organized and funded by the practitioners in each field and offered free to the public.

Two of the most popular events were all about public participation – the Artists Live/Work Affordable Housing charrette, which attracted 75 people and the Kids Design Community-Building Playground Project, which brought together a mix of over 200 children and adults to design their own playground space. Altogether, approximately 4,000 people attended the numerous Design Week events over the course of the week. There were 35 official sponsors of Design Week who contributed money, supplies, labor, and expertise to make the events a success. More than 20 donors supported the face lift at El Museo Cultural, the site of the Design Exposition, which showcased more than 50 exhibitors. Additional designers, painters, and donors supported the face lift of the Sweeney Convention Center lobby and stairwells leading to the second floor.

However, when Design Week grew to almost 60 events, it required extensive collaboration and constant communication to avoid overlap and conflict between the two simultaneous programs. The City hired coordinators for both Design Week and the Southwest Design Conference in order to assure smooth relations.

Because of the success of Design Week and of the International Folk Art Market, Santa Fe was designated a Creative City by the United Nations Educational, Scientific, and Cultural Organization. Santa Fe is the first city in North America and one of three cities in the world to achieve this designation. In addition the City of Santa Fe won an award from the New Mexico Chapter of the American Planning Association for Santa Fe Design Week. The award is titled, "Innovation in Implementation of an Economic Development Plan." Santa Fe Design Week was nominated for a national American Planning Association award, *Outstanding Planning Award for a Special Community Initiative*. The announcement of the winning entry will take place in November 2005.

Santa Fe Design Week will be showcased at the 44th International Making Cities Livable Conference to be held in Santa Fe May 18-22, 2006. Representatives from many European countries will be in Santa Fe for this conference. The topic will be Innovative Economic and Cultural Development Strategy Involving the Community.

The goal is for Santa Fe Design Week to become a major annual event for the international design community, with demonstrations, workshops, lectures and tours bringing thousands of people to a city recognized as an international center for design and creative industries. Design Week is the Plan in action, focusing attention on the community's creative energy so that it can be harnessed to help create new opportunities in education, career development and entrepreneurship.

New Media Industries Gallery

A *New Media Industries Gallery* pilot project was completed during *Santa Fe Design Week 2005*. The state legislature appropriated \$75,000 in 2005 to develop a permanent installation for this project in Santa Fe. Thirty-one companies participated in the three day exhibit of New Mexico technology companies and their products and approximately 1,000 people viewed the exhibit.

Goal 2: Santa Fe Will Be the Water Conservation and Clean Energy Capital of the U.S.

Water Sustainability and Economic Development

A strong recommendation of ***The Santa Fe Economic Development Plan*** is to use Santa Fe's scarcity of water as a strength in developing and deploying new technologies and businesses. Among Santa Fe's most significant infrastructure issues (and economic development issue) is the region's water shortage. All economic development activities must consider the area's severe water constraints. Water conservation companies located here are in a market with high internal demand and are close to their customers. Therefore, Santa Fe can be an ideal pilot market to test these technologies and, once perfected, products can be exported out of New Mexico. Governmental policies should be aligned to encourage the development of these technologies. In order for that to happen, it is important that the policy makers and practitioners continue to work together to formulate an appropriate regulatory environment.

There are already many successful water harvesting, permaculture, water conservation experts and companies located in this area. In the past year many of these companies have worked together to educate the public and promote their industry. The opportunity exists to create programs that promote even greater water conservation and water harvesting while promoting a buy local campaign that would attract new water technology companies to Santa Fe. The economic development strategy recommends that credits and incentives for consumers be tied to their purchase from local suppliers. Santa Fe is an ideal pilot market for several technologies and should do what it can to bring those suppliers to the region.

The Jemez y Sangre Water Summit and Workshop on Managing Landscapes and Watersheds for Water Resources

The Jemez y Sangre Water Summit and Workshop on Managing Landscapes and Watersheds for Water Resources was held in September 2005. The Water Summit was the first of its kind in New Mexico and the West, bringing together policy makers and practitioners in the water conservation field. It is the first in a series of evolving workshops dedicated to assuring better water quality and necessary water quantity for the residents of our region.

Sponsors of the event included the Governor's Blue Ribbon Water Taskforce, Water Research Technical Assistance Office of the Los Alamos National Laboratory (WRTAO), the City of Santa Fe, the Santa Fe Area Homebuilders Association, and Santa Fe County.

The Water Summit brought together governmental and non-governmental water managers, water experts, industry representatives and elected officials in the Santa Fe region to examine water resource management issues. The results of the Water Summit are recommendations of

specific landscape and watershed management practices and policies to help address the growing gap between the region's water supply and demand. Specific areas examined included recharging aquifers, providing stream and river flows, ecosystem health and human uses.

Primary recommendations include landscape water harvesting techniques that target landscapes—from backyards, residential gardens, and local common spaces, to upper watersheds. Since more than 95% of the precipitation that New Mexico receives is lost to evaporation, emphasis was placed on reducing evaporative, evapo-transpiration, and sublimation losses, thus increasing the amount of water that can be put to beneficial use. Other recommendations address regulatory and building practices that also will serve to promote economic development in Northern New Mexico.

The Priority Actions identified at the Water Summit are:

1. Facilitate regional collaboration and funding with Jemez y Sangre Water Resources Council, Espanola Basin Regional Planning Issues Forum, and non-profit groups.
2. Provide education in the schools and to consumers regarding water conservation and managing landscapes.
3. Develop a regional clearinghouse of data and laws related to water issues.
4. Select one or more existing neighborhoods and the city's Northwest Quadrant for doing demonstration projects. Potential neighborhood demonstration projects in commercial, residential, or public buildings might include the design and installation of state-of-the-art water harvesting technologies and reuse that could result in near zero net water usage.

Water Conservation and Education

The Governing Body approved Resolution 2004-14, Approving and Directing Staff to Develop and Implement a Water Conservation Education Program.

The Water Division implemented the resolution in several ways. Throughout 2005, the Water Division continuously conducted educational public outreach including announcements on radio, television, and in movie theatres; and through the Children's Water Festival, COMMUNITY Days, Santa Fe Design Week, H2O Festival and the Jemez y Sangre Water Summit.

Staff developed and implemented an educational program in a joint agreement with the Santa Fe Public Schools. Teachers are provided with training, the Project Wet Curriculum, and the teaching guides to implement the program in their school curriculum.

In part, as a result of the combination of public outreach, drought management programs and other conservation programs, which were initiated by the Water Division, the average daily water demand dropped from 143 gallons per capita per day in 2001 to 112 per capita per day in 2004.

Budget-Based Water Allotments

The Governing Body approved Ordinance 2004-18 and Resolution 2004-18, approving a Demonstration Program for Residential Budget-Based Water Allotments and Directing Staff to Implement the Project Through City Ordinance.

The Budget-based Water Allotment Demonstration Program started March 2005 with 79 participants. The water budget program is based on advising people how much water they can use, rather than telling them how they must use it. Water budgets give consumers more options and personal choice while providing an effective way to conserve water. This approach eliminates the need for landscape ordinances, debatable plant lists, as well as the potential for enforcement practices and "water police". The system is fair to all customers and the water budget concept sets a permanent water efficiency ethic, a message repeated with every water bill and encourages year-round efficiency and water conservation, both indoors and out. In a community that already has a low per capita water use; budget-based water allotments allow savings in the spring and fall when over watering is a common problem. With the first four months of the demonstration program March through June, the participants have shown an overall reduction in water use of 16% compared to 2004 water use.

Watersmart and Water Conservation Rebate Programs

The Governing Body approved Resolution 2005-41, Directing Staff to Implement a Proposal for a Residential Water Conservation Technical Loan Program to be Known as *Watersmart*.

Watersmart was created to help city residents purchase low water use devices such as washing machines and hot water re-circulators. The City is investing \$200,000 to seed the program to match a state grant. This loan program will be administered by Homewise and will be available to any Santa Fe city resident in 2006.

The City also administers other programs to encourage water conservation. The City provides a rebate of \$30 for rain barrel purchases. Through the end of August 2005 a total of 867 rain barrel rebates were processed. The City also offers rebates for hot water recirculators and for front loading washing machines. Through the end of August 2005, 110 rebates were issued for hot water recirculators, and 466 rebates were issued for washing machines.

Energy Sustainability and Economic Development

The Santa Fe Economic Development Plan Target Industries Report identifies energy conservation and sustainability technologies along with water conservation as being appropriate for Santa Fe. According to the Angelou Economics report, growing small businesses in the renewable and conservation energy technology industries will require the community to fully embrace the notion of becoming one of the most environmentally conscious cities in the U.S. – to adopt energy and water conservation in the construction of new homes and office buildings, and ensure that renewable sources of energy are being relied upon at all possible times. Embracing energy conservation and renewable energy at the community level not only improves the quality of life for all Santa Feans but also creates a market for those products. Small local businesses can emerge to supply the local market. Workforce training programs can be created which provide educational and job opportunities for locals. Business incubators, incentives, and capital funding that are made available to support energy technology companies should also be accessible to businesses in other fields, providing an additional boost to Santa Fe's overall business climate.

Recent City Resolutions Promoting Energy Conservation

The Governing Body has already taken many actions to support the goal of making Santa Fe one of the most environmentally conscious cities in the U.S. The following resolutions have been adopted in the past two years alone:

The Governing Body approved Resolution 2004-24, To Require that the Planning, Design and Construction of the Proposed Civic Center will be in Accordance with the Most Current Principles and Practices of Sustainable Design.

The Governing Body adopted Resolution 2005-81, Requiring that the Civic and Convention Center be Built to Specifications to achieve at Least Silver LEED Certification.

Energy Efficient City Vehicles

The Governing Body adopted Resolution 2004-66 directing staff to develop procurement guidelines to ensure that city vehicle purchases are fuel, energy, and water efficient. Since passage of this resolution the City purchased 11 new vehicles that run on E-85 and biodiesel fuels. The Santa Fe Police Department switched from using Crown Victorias with V-8 engines to Chevrolet Impalas with V-6 engines. The Police Department now has 64 Impalas which are more fuel efficient.

The City of Santa Fe is a member of the Land of Enchantment Clean Cities Coalition that also includes the cities of Albuquerque, Las Vegas, Espanola, and Socorro. The Clean Cities Coalition is a government-industry partnership designed to reduce petroleum consumption in the transportation sector. It is composed of 88 community-based coalitions and voluntary public/private partnerships that work to advance the use of alternative fuels and vehicles, idle reduction technologies, hybrid electric vehicles, fuel blends, and fuel economy. Together these community-based coalitions have displaced the equivalent of more than 1 billion gallons of gasoline nationwide since 1994. Santa Fe was the 11th city in the nation to join this coalition.

Center for Community Sustainability

A Memorandum of Understanding was signed in August 2005 between the City of Santa Fe, Santa Fe County, Santa Fe Community College, Local Energy, and the Santa Fe Business Incubator to work together to develop a Center for Community Sustainability at the Santa Fe Community College. The partners intend to encourage the development of water conservation and renewable energy technologies and the businesses that will build and deploy those technologies. The Center also will provide workforce training and career opportunities in these industries through curriculum developed by the Santa Fe Community College. The Center will provide a facility for entrepreneurs to test their technologies before taking them to market. The Community College District Plan allows for the water conserving and renewable technologies developed at the CCS to be deployed in neighboring residential and commercial buildings.

The goal of the center is to develop a thriving economy based on locally produced sustainable energy and efficient water use that saves scarce resources and increases the tax base in Santa Fe and in Northern New Mexico. A Request for Proposal will be released before the end of the year to commission a feasibility study. If the center is found to be feasible, a three year business and finance plan will be prepared.

Biomass Heating System at Santa Fe Community College

The Santa Fe Community College and Local Energy are developing a biomass heating system for the College. The system will add a one megawatt biomass boiler (3.4 million BTU per hour) to the College's heating system. This new boiler will supply approximately 80-90 percent of the

College's total heating demand and will be housed in a newly built 800 square-foot building near the existing boiler room. The natural-gas boilers will remain in place for backup and will provide some additional heat during the coldest days of winter. The heat generated by the new boiler will be distributed throughout the campus via the existing network of pipes on the campus. The domestic hot water and the swimming pools will also be heated with biomass. During the summer the system will be used to help cool the campus. Adjacent to the new boiler room, a 1,000 square-foot, covered biomass fuel-handling area will be built to receive loads of woodchips, which will be fed automatically into the boiler.

Overall, the system should provide a 40 percent savings in costs compared the cost of natural gas. The system will be operational in Summer 2006. The Community College will develop an educational program to train people to maintain biomass heating systems. This program could become part of the Center for Community Sustainability.

State of New Mexico

The New Mexico state government is working to create a policy environment that will encourage greater use of renewable energy technologies. These policies will help Santa Fe work toward its ambitious goal to be a leader in water conservation and clean energy.

New Mexico is a very important supplier of energy to the nation according to "*New Mexico's Natural Resources*," a recent report by the Energy, Minerals and Natural Resources Department. "New Mexico is a nationally recognized leader in the development of both extractive and renewable energy resources," stated Joanna Prukop, Secretary of Energy, Minerals and Natural Resources Department. "Energy development is crucial to the continued health of our state's diverse economy, and plays a key role in the Governor's emphasis on economic development and is aligned with his objective to reduce dependence on foreign oil." New Mexico now offers a tax incentive for the purchase of clean, fuel-efficient hybrid vehicles such as the Toyota Prius and Honda Insight or Civic. Governor Richardson has announced his support for a solar tax credit in the 2006 Legislative Session.

Goal 3: Santa Fe's Citizens Will Be Well Educated and Well Trained for High Paying Jobs

Workforce development and economic development are closely linked. A strong pool of workers is critical to business expansion, industrial diversification, and creating opportunities that will keep our young people from leaving. Santa Fe's workforce development programs should offer advancement opportunities for individuals from all socioeconomic backgrounds. Santa Fe's recommended targeted business sectors were selected, in part, because they contain a wide variety of occupations and ample opportunity for workers to advance their careers. For Santa Fe to experience the greatest possible benefit, education and workforce development activities must be viewed as an integrated continuum that spans from infant care to adult education.

Education and Workforce Training Programs: Higher Education

Santa Fe Community College (SFCC) has developed new curriculum in a number of the target industries identified in the Plan. The SFCC's Center for Sustainable Environment offers noncredit courses designed to increase awareness of energy and water sustainability issues, provide

information about alternative energy sources and prepare individuals for employment or entrepreneurship in these rapidly growing industries.

The spring 2006 program includes classes on Water Conservation Technologies, Sustainable Energy, Renewable Energy Technologies, Indoor Radon Series, Health of the Earth's Atmosphere and a Biomass Vocational Training Program.

In the fall of 2006, SFCC will offer a new degree program — Associate of Applied Science in Environmental Technologies. Courses will cover energy issues and technologies and the skills required to obtain entry-level positions in the energy and water fields.

Other new programs include:

A new degree program - Associate of Applied Science in Environmental Technologies. Courses will cover energy issues and technologies and the skills required to obtain entry-level positions in the energy and water fields.

An Associate in Applied Arts degree program in gallery management offered by the Fine Arts Department. The program is designed to training students for a variety of professional positions in art galleries and museums, including gallery ownership, art sales, exhibition installations, care of art collections, Web design and curating.

Additionally, the SFCC, the New Mexico Lodgers Association and City staff are developing a plan to launch a hospitality training pilot program in Santa Fe. With support from the NM Department of Tourism, a pilot hospitality training program may begin as early as June 2006. Furthermore, the Culinary Institute at SFCC is expanding its program.

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Education Training Programs: Secondary Education

Earth Care International hosted their second annual Youth Sustainability Conference, called "E*Vision 2005", on October 7-8 at Monte del Sol Public Charter School. More than 400 teenagers from 12 regional high schools attended more than 40 workshops and hands-on project sessions that featured sustainability practices, creativity, innovations, and concepts in the areas of culture, social equity, environment, and economics.

A recent project of Earth Care International is the publication of *Sustainable Santa Fe: A Resource Guide*. This 136 page guide, printed with natural ink on recycled paper, is available free to the public. The guide unites in one easily accessible publication, information for anyone - student, educator, builder, architect, tourist, activist, citizen - interested in discovering the wealth of opportunities and resources available to people in the Santa Fe area who want to live sustainably. It includes articles on Food, Green Building, Renewable Energy, Water, Community Wellness, Ecology, Civic Involvement, Cultural Diversity, and more.

Another project of Earth Care is the One World Coffee and Trade, a teen created and operated business. This Earth Care program has been made possible through a collaboration of Coffee Kids, Peace Jam and several other local organizations. Over 40 teenagers from 5 high schools have been working together while gaining hands-on experience in creating and running a local

socially and environmentally responsible business. The business is located on Second Street and is scheduled to open in November 2005.

Over the summer of 2005, Earth Care worked collaboratively with the Santa Fe Civic Housing Authority to train teenagers in "Green Collar" jobs. Youth utilized xeriscaping and permaculture principles to drastically reduce the amount of water that was being used at a low-income senior housing facility. An additional summer project was formed through the partnership of the Santa Fe Boys and Girls Club and Earth Care to create an organic garden in which teenagers taught youth how to garden sustainably. The harvest from the garden went straight to the kitchen at the Santa Fe Boys and Girls Club to feed the youth at the center.

The City Council passed Resolution 2004-90, Supporting the Joint Grant Application of the Santa Fe Community College and Santa Fe Public Schools Proposal to Establish a Career Training Center in Santa Fe. The Training Center is envisioned to be available during the day to train high school students and available in the evening to train adult learners. The application requested \$3 million from the State of New Mexico. Although the project was not funded, the Santa Fe Public Schools did receive \$350,000 for related activities.

Workforce Development

Santa Fe Design Week and the Southwest Design Conference included many educational programs throughout the eight days of events. Professional Continuing Education Credits were offered for architects, interior designers, and landscape architects. Santa Fe Community College students enrolled in the fashion design program participated in the kick-off fashion show with their designs featured in the show. Students also participated in designing and building the runway, and designing the music and the lighting for the show.

Santa Fe Economic Development, Inc. (SFEDI) is working with the area workforce development providers and the City to identify and coordinate workforce development efforts in the Santa Fe region. SFEDI is compiling a directory of the governmental and non-profit organizations in the workforce arena. SFEDI also hosts the monthly meeting of the Workforce Alliance to help facilitate dialogue and to encourage collaboration among workforce providers. The Workforce Alliance is made up of more than 20 members including representatives from secondary and higher education, workforce development providers, non-profits, government agencies and businesses.

Goal 4: Santa Fe's Entrepreneurs Will Work in a Supportive Community that Encourages and Celebrates Their Success

City of Santa Fe Support for Small Businesses

The City of Santa Fe sponsors a number of programs to help create and strengthen small businesses in the community. The goals are to create and retain jobs and to help diversify and grow the economy. The Governing Body has taken a number of steps in the past year to help small businesses succeed and to honor them. In the past two years the City has invested \$675,000 in small business entrepreneurship development programs for business loans and training and counseling programs.

The revitalized Santa Fe Small Business Development Loan Fund has held four public outreach meetings in the past year to educate businesses about their programs. More than 150 entrepreneurs attended these meetings. In the past 12 months, 16 loans were made totaling approximately \$270,000. Overall, the program has made a total of \$2.5 million in loans to small businesses in Santa Fe. Small businesses located in the City of Santa Fe may borrow between \$5000 and \$100,000 from this fund. Interest rates vary from 6% to 8% and repayment terms are from one to eight years. The purpose of the program is to help small businesses that have difficulty in securing traditional commercial credit. These businesses typically include new start-ups, and growing small businesses. The program also encourages the creation and retention of jobs in Santa Fe.

The Service Corps of Retired Executives (SCORE) held 30 training workshops in fall 2004 and spring 2005 with approximately 500 participants attending. The City provided funds to market these events. The Chamber of Commerce also helped market these programs.

With support from the City, the New Mexico Museum Foundation is training local artists to develop their marketing skills and to increase the sales of locally produced items in the museum stores. This program provided training to more than 35 artisans and purchase over \$40,000 worth of goods in its first year of operation.

The Governing Body adopted Ordinance 2005-5, Establishing The City Business and Quality of Life Committee for the Purpose of Revising Proposed Ordinances Amending the City Code or Resolutions Which May Impact the Business Community. Nine of eleven appointments have been made to fill the committee. The Committee will begin its work in December 2005.

The Governing Body adopted Resolution 2005-71, to Encourage Local Representation and Participation by Santa Fe Citizens in the New Mexico First Town Hall Forums. The business community in Santa Fe will provide scholarships of up to \$500 to individuals to attend the annual meeting. The next Town Hall Forum 34 is entitled *Tomorrow's Workforce Today: Building a Workforce for the Future*. The Forum will be held April 20-22, 2006. The topic of the upcoming Town Hall will further the work of implementing the ***Santa Fe Economic Development Plan***.

Santa Fe Small Business of the Year

The Governing Body approved Resolution 2004-32, to Create an Annual Award Honoring an Outstanding Small Business in the City of Santa Fe. The resolution established the following criteria for the award: the business must be locally owned, for-profit with customers. The company will be measured on job creation, pay scales that are higher than the industry average and are equal to or exceed the Living Wage levels. The company should demonstrate career advancement through training and promotion from within. The company should have good benefits such as health care, retirement, annual and family leave, and family friendly policies including flex time for childcare and family emergencies. The companies will be measured on community involvement, diversity of workforce, and inspiration and vision.

The first Santa Fe Small Business of the Year award was presented to Coronado Paint and Decorating Center. The four finalists were Big Jo Tru-Value Hardware, Mothering Magazine, Santa Fe Greenhouses and Strategic Analytics. Thirty-six companies were nominated, and the winner and four Finalists were honored at the City Council meeting on June 8, 2005 and at the Santa Fe Chamber of Commerce annual Awards Banquet. The award program attracted a lot of positive attention for the nominees, finalists and the winner, and planning is underway for next year's award. One idea under discussion is to work with the Arts Commission to hold a competition for the design of the award trophy itself.

Santa Fe Alliance

The *Santa Fe Alliance*, www.santafealliance.com, is working to build a diverse network of local businesses, community members, and non-profit and governmental leaders to educate them about the importance of buying goods and services from Santa Fe's locally-owned businesses. Doing so helps to create more and better job opportunities and successful businesses that enrich the community and create a prosperous regional economy.

The Alliance is committed to helping residents understand the benefits of buying goods and services from locally-owned businesses, and that increasing the demand for locally produced goods and services supports locally based economic development. The Alliance is part of a growing national movement called the American Independent Business Alliance (AMIBA), whose main purpose is to enrich communities by increasing dollars spent at locally-owned businesses.

The *Santa Fe Alliance* accomplished a number of things in the past year working to improve the local economy. The economic development strategy encourages Santa Fe to support locally owned independent small businesses.

Find Your Independents was a part of the Independents Week Promotion, July 1-8, 2005, to encourage Santa Fe residents to shop at locally owned small businesses. One hundred twenty-five businesses participated along with 525 Santa Fe residents. Prizes in excess of \$15,000 were donated by the businesses to the residents who visited 10 Alliance members in the early summer. Winners were announced at *The Locals on the Plaza* event honoring nine of Santa Fe's oldest businesses locally owned businesses. Sixty-five local small businesses displayed their goods and services on the Plaza. The event was combined with a concert from the City's *Summer Bandstand* for a lively, festive event.

In a project to promote locally grown fresh food and locally owned small restaurants, the Alliance is currently participating in *Farm To Restaurant*. The project includes 15 restaurants and 15 farms bring Santa Feans locally sourced menu items. The project collaborators include the Alliance, Regional Development Corporation, The Farmers Market, and Farm to Table.

The Alliance produced 20,000 copies of its *Alliance Directory*. The directory lists 620 member businesses in its pages and is distributed through more than 400 retail establishments. At holiday time, Alliance member businesses are able to sell their products through *The Most Important Gift Catalogue in Santa Fe*. Access to the gift catalogue is through the *Santa Fe Alliance* website.

Santa Fe Business Incubator

The Santa Fe Business Incubator opened in December 1997 and has served more than 45 companies, which created 260 new jobs in the region. The founding of the Business Incubator was one of the accomplishments of the 1996 Santa Fe Community Economic Development Plan. Business affiliated with the Business Incubator are exposed to: professional business practices; consulting and technical assistance; the use of a full-range business facility; a business library and resource room; workshops and business training; the help and support of the staff, advisory council, and other entrepreneurs in the incubator; and reduced rent to help them through the early years of their development.

In 2005, eighteen companies were tenants of the Business Incubator and an additional four companies were affiliated. Five companies graduated from the incubator: Communectivity, Gonzales Locksmith, Gremlin Computers, Groundbreaking, Inc., and Positive Energy.

The Santa Fe Business Incubator has won many awards over the years for their excellent work. In June 2005, Marie Longserre, Executive Director, received the PNM Entrepreneurial Leadership Award honoring her as the Entrepreneurial Advocate for 2005. In September 2004, the U.S. Department of Housing and Urban Development (HUD) honored the Santa Fe Business Incubator and the City of Santa Fe with the Community Development Excellence Award for the Business Opportunity Program.

A company located in the Business Incubator and one of its graduates were also honored this year. Adobe Interlock, a current tenant, won a Santa Fe County Chamber Of Commerce Business Excellence Award in June 2005. Strategic Analytics, a recent graduate, was a finalist for the City of Santa Fe's Small Business of the Year 2005.

The Santa Fe Business Incubator worked with the state legislature to pass an incubator certification program in 2005. This was one of the recommendations of the economic development strategy. This program is intended to provide support for the development of incubators throughout the state. Through the certification program, communities will be able to assess whether an incubator is right for their community and provide seed funding for getting the incubator started. The program will provide access to technical support from experienced incubator operators and demonstrate best practices in putting together the community team needed to create a successful incubator. By providing this support, more New Mexico communities will be able to benefit from one of the most efficient economic development models available.

W.K. Kellogg Foundation Grant to Launch Business Initiative

In June 2005, The Santa Fe Community College and the Regional Development Corporation, along with a coalition of organizations that work with entrepreneurs and small businesses in rural northern New Mexico was awarded a \$2 million grant from the W.K. Kellogg Foundation as part of a rural entrepreneurship development initiative. The participating organizations seek to create a network of services for entrepreneurs in rural Santa Fe, Rio Arriba, Taos, Mora and San Miguel counties through the newly funded partnership, called The Empowering Business Spirit (EBS) Initiative. The goal of the EBS is to build a small business-friendly environment in northern New Mexico.

Goal 5: Santa Fe Will Celebrate its Cultural, Historic and Business Neighborhoods and Emphasize Respect and Collaboration Among Businesses and Neighbors

The economic development strategy encourages Santa Fe to maintain an atmosphere that is entertaining and attractive to young, creative people. It recommends that new festivals be established and that existing festivals be expanded and promoted more widely. It also encourages playing more music on the downtown plaza and working with the International Folk Art Market to help it expand so it will attract more national and international visitors to Santa Fe. The 2005 Folk Art Market was wildly successful, drawing more than 18,000 people to Museum Hill. The success of the Folk Art Market also led to the United Nations Educational, Scientific and Cultural Organization (UNESCO) designating Santa Fe as the first "Creative City" in North America.

Events held jointly with businesses and neighborhoods, like the Second Street Experience, help improve relationships in the neighborhood and showcase the talents of the people living and working in the community. Neighborhood based festivities like the Experience provide opportunities for residents and businesses to build relationships for the improvement of the neighborhood and to develop a common vision of what they want for their families. It helps break down social and economic divisions within the community and foster a true sense of common goals and visions. They also help to highlight local businesses and key target industries such as Fashion Design, bringing to light the talent that resides among us.

Santa Fe International Folk Art Market 2005

The 2005 International Folk Art Market in July was a huge success and involved support and coordination from numerous City departments. As a result UNESCO cited the Folk Art Market as a major reason for designating Santa Fe as the first city in North America to be included in its Creative Cities Initiative. Some of the many achievements of the Folk Art Market include:

- Ninety-five artists from 34 countries exhibited and sold their original folk art works at the 2nd Santa Fe International Folk Art Market.
- Nearly half of market artist participants were sponsored by the market, while the other half were sponsored by private individuals and organizations, including the W.K. Kellogg Foundation, UNESCO, Aid to Artisans, Mill Atelier Foundation, Aramco Services, the BAT Centre, and others.
- More than 500 volunteers from throughout the Santa Fe community and beyond contributed energy, creativity, and enthusiasm to the folk market.
- Attendance increased approximately 30% from the 2004 market.

The Market helps to create economic sustainability for artists and their communities. In many cases, artist revenues will support hundreds of members from artists' home communities and art cooperatives to positively impact folk art communities worldwide. The 2005 market generated a 46 % increase in revenues earned by market-sponsored artists compared to sales at the 2004 market. Privately sponsored artists also reported increased revenues. The Santa Fe International Folk Art Market does not receive any profit from the sales of artists' work.

An estimated 18,000 adults and children—Santa Fe residents and visitors alike—flocked to the folk art market to enjoy international art, food, free entertainment, educational events including Aztec and international dancing, artist demonstrations, panel discussions, the Children's Global Fashion Show, a display of traditional regional Mexican bridal and ceremonial clothing, and book signings. More than 100 performers entertained market visitors over two days with international music and dance performers representing folk traditions from Mali, Bolivia, Mexico, Venezuela, Ireland, Malaysia, Nigeria, Zimbabwe, the Middle East, and beyond.

The Santa Fe International Folk Art Market is supported by a New Mexico community that cares about international art and culture. The market is sponsored by the Market Committee, the New Mexico Department of Cultural Affairs, the Museum of International Folk Art, and the Museum of New Mexico Foundation. Additional support for the 2005 market was provided by the City of Santa Fe Arts Commission, Economic Development Fund, Occupancy Tax Advisory Board, Convention and Visitors Bureau, and Transportation and Parking Division; the New Mexico Department of

Tourism; the *Santa Fe New Mexican*; First National Bank; St. John's College; McCune Charitable Trust; and many other individuals and organizations statewide.

The Market garnered international exposure for Santa Fe. On August 11, 2005, the 2005 folk art market streamed across the international airwaves as CNN World Report distributed a 2:30 minute segment on the market to CNN affiliates worldwide. A 3:30 minute segment created and distributed by Associated Press/Link Television also reached AP affiliates in the United States in August 2005. The Market was also featured at a UNESCO meeting in Paris in September 2005 before an international audience as the most innovative event to showcase folk art in the world.

The folk art market made headlines in newspapers and magazines nationwide, including *Vanity Fair*, *Dallas Morning News*, *Chicago Tribune*, *Boston Globe*, *Ornament*, *Arizona Republic*, *Salt Lake Tribune*, *Kansas City Star*, *Fiber Arts*, *Country Home*, *Phoenix Home and Garden*, *Santa Fean*, *Santa Fe New Mexican*, *Albuquerque Journal*, *El Palacio*, and others.

Mark your calendars today for the 3rd Santa Fe International Folk Art Market on July 8 and 9, 2006, on Milner Plaza in Santa Fe,

Second Street Experience and Homegrown IV Fashion Show

The Third Annual Second Street Experience Festival and Homegrown IV Fashion Show had large turnouts, and the coordination between various City departments was excellent. The Homegrown Fashion show displayed the talent of 14 local fashion designers and was attended by nearly 500 people, raising \$2,000 for the Santa Fe Community Yoga Center's *Yoga In Schools* program. The Second Street Experience featured a variety of local musical talent along with fun and engaging activities for children and teens and was attended by nearly 600 people throughout the day on Saturday.

Helping out at this year's Festival, Politics Professor Lisa Adler from the College of Santa Fe, and a resident of the Second Street neighborhood, initiated a student internship program with several interns to assist with production of the festival, community organizing, mapping the neighborhood, interviewing residents, and profiling businesses.

Student interns from the College of Santa Fe documented their experiences and provided feedback to assist in future planning for the event. The internship program is expected to be continued and possibly expanded for next year.

Dr. Adler's internship initiative also helped to spark an important relationship with the Second Street Experience organizers and neighborhood residents, and has resulted in ongoing conversations about gentrification, mixed use developments and smart growth, and development of the Triangle district. The Triangle District includes the area between Cordova Road, St. Francis, and St. Michael's Drive to Cerrillos Road, with the Second Street business and residential community running through the middle of it. There will be a district newsletter, with a College of Santa Fe internship available in January.

Santa Fe Bandstand

The City of Santa Fe hosted a summer concert series, *Santa Fe Bandstand*, that produced free concerts for our citizens and visitors on the Plaza downtown. Fifty-seven events were held featuring 80 different performances. Three hundred twenty-one performers and 73 bands participated. Four technical people were employed and more than 12,000 people attended these events. It was a great opportunity to showcase local artists to the community. The *Santa Fe Bandstand* was sponsored by Santa Fe Parks and Recreation and the Santa Fe Arts Commission.

Goal 6: Santa Fe Will Increase Affordable Housing Opportunities for Renters and Homeowners

City of Santa Fe Initiatives to Increase Affordable Housing

Since the mid 1980's Santa Fe has pursued a number of mechanisms to increase and maintain the supply of affordable housing. While most of the mechanisms have been regulatory in nature concerned with building code or zoning issues, in recent years the City has recognized the importance of providing economic support. More than half of the federal Community Development Block Grant (CDBG) money received by the City from the U.S. Department of Housing and Urban Development is earmarked for projects supporting affordable housing, including a large amount for down payment assistance to low- and moderate-income households.

Other recent initiatives include:

- The Governing Body approved Resolution 2005-2, Supporting the Creation of a Statewide Affordable Housing Trust Fund. The trust fund was created during the 2005 State Legislative session and funded with an initial \$10 million. The program will be administered by the New Mexico Mortgage Finance Authority to provide capitalization funds for housing projects and down payment assistance.
- Planning for a City-funded Housing Trust Fund is underway. Money for the fund would come from repayments to the City from the sale of land in Tierra Contenta. All members of the Santa Fe Affordable Housing Roundtable have access to the money through a competitive application process.

The City also began planning for a mixed-income neighborhood on a portion of City-owned land in the Northwest Quadrant of Santa Fe. The Governing Body passed several resolutions to direct staff to study the feasibility of the project and to master plan the area in anticipation of selling the property to a developer who would build the homes. The goals for the neighborhood are to develop homes at three price tiers: 37% at \$146,000 or less, 32% at \$273,000 or less and the balance at market rate. The homes would be very water efficient using no more than .15 acre feet of water per year and very energy efficient. The development will be built preserving open space, trails, and incorporating parks into the design. The Governing Body took several actions with regard to the Northwest Quadrant:

- The Governing Body adopted Resolution 2004-49, Endorsing the Findings of a Preliminary Feasibility Report Commissioned by the Enterprise Foundation and Committing the City of Santa Fe to Implement the Development Proposal Contained in the Report.
- The Governing Body adopted Resolution 2004-91, The City of Santa Fe Requests the Santa Fe General Plan's Future Land Use Diagram Be Amended to Designate an Area of 400 Acres From Open Space to Very Low Density Residential (1 to 3 Units per Acre), Low Density Residential (3 to 7 Units per Acre) and Parks and Open Space, and Mixed Use Transitional.
- The Governing Body approved Resolution 2004-92, a Resolution adopted concurrently with Approval of the Northwest Quadrant General Plan Amendment to Provide Further Guidance on the Public process the City Will Follow to Development of a Master Plan for Implementation of the Northwest Quadrant Affordable Housing Project.

- A Memorandum of Understanding was executed between the City of Santa Fe and Santa Fe Public Schools concerning the development of the Northwest Quadrant. Under the MOU, planning for school facilities and the utilization of SFPS properties will be part of the Master Plan planning process.
- A contract for the Master Plan process for the NW Quadrant was awarded to Santa Fe Engineering Consultants, LLC, comprised of a wide range of local engineers, land planners and other land-use experts. The overall plan will encompass a 400 acre parcel, of which 280 acres will be planned for actual residential uses. Staff expects a 12-month time frame for the entire planning process including: facilitating a public participation process, refining planning concepts, selecting a Master Developer who will purchase the parcel, and negotiating the sale and contract for implementing the Master Plan. The first Community meeting with Southwest Consulting Engineers was held October 19th at Gonzales Elementary School.

Santa Fe Homes Program

The City's existing inclusionary zoning program, the Housing Opportunity Program or HOP, was replaced by a more comprehensive plan with the adoption by the Governing Body of Ordinance 2005-30 creating The Santa Fe Homes Program (SFHP). The Governing body also adopted Resolution 2005-69 to approve the Administrative Procedures to implement the program. The Santa Fe Homes Program requires that 30% of all new residential development be affordable to people earning between 50% and 100% of area median income, or between \$29,700 and \$59,400 for a three person household. The Program also dramatically lowers prices for the homes sold in the Program compared to the former HOP program. Subordinate mortgages on the Program Homes, the difference between the target price and the appraised value, will be used in the future to help finance additional housing initiatives.

Tierra Contenta

Partially in response to the new pricing requirements of the Santa Fe Homes Program, the directors of Tierra Contenta Corporation completed a similar restructuring of required prices for the Most Affordable homes being built there. Home builders planning subdivisions in the next phase, the area southwest of the Country Club, have voluntarily agreed to participate in the new schedule. The major impact will be lower housing prices for Santa Fe families and an increase in the value of the subordinate mortgages held by Tierra Contenta which will be available to help finance additional affordable homes.

Downpayment Assistance

The City of Santa Fe makes funds available to two non-profit housing providers to help Santa Fe families purchase homes through downpayment assistance. The money comes from the Community Development Block Grant Program (CDBG) from the U.S. Department of Housing and Urban Development. In 2004-2005, \$554,000 was invested in downpayment assistance by the City. The non-profit housing providers, Homewise and the Santa Fe Community Housing Trust, helped 61 families purchase or build homes last year with these funds.

Live/Work at the Railyard and Elsewhere

The City's development of property surrounding the old train depot is progressing, including the Governing Body's approval of a live/work project that will include several affordable units. Much of the support for the project came from a group of emerging artists and young professionals who took part in a two-day charette on live /work housing held during Design Week. Many builders are exploring the new building type made more feasible by the adoption by the Governing Body of a new Mixed-Use zoning district in conjunction with the existing Home Occupation Ordinance adopted in 1995.

City's Efforts Nationally Recognized

In June 2005 the City was nationally recognized for its efforts by HUD along with 14 other communities. The Robert L. Woodson Jr. Award recognizes outstanding progress in reducing the regulatory burden on land development, thereby facilitating a reduction in costs leading to more affordable production of housing.

Conclusion

As this report has shown, the past year has been a year of ambitious undertakings. Established programs such as the Santa Fe Business Incubator and the Small Business Development Loan Fund have continued to provide support for our community while developing collaborations with new projects such as the Center for Community Sustainability. Years of work to develop an integrated ticketing system for the city's performing arts groups has come to fruition this year under the new Plan with the launch of *Tickets Santa Fe*. An entirely new project, the *Santa Fe Arts & Culture Web Portal*, is tackling the challenge of integrating information and resources across the cultural landscape. And tying these and so many other efforts together is a Plan that helps us to see the links and interactions among our programs and their place in developing Santa Fe's economy.

The coming year will bring even more challenges, as new initiatives mature and more of the strategies in the Plan are addressed. Design Week 2006 will build on the momentum created this year, and the International Folk Art Market will face the pressures of dealing with its phenomenal success. A new standard has been set for action on many fronts and expectations are high. With the support of the Governing Body and the entire community, the next year will bring us further along the road to a community that supports the dreams and ambitions of all Santa Feans.